

1Q 2021 Earnings Release

NCSOFT IR

May 10, 2021



Disclaimer

The financial results for 1Q 2021 have been prepared on an unaudited basis and may be subject to change during an independent auditing process.

Please note that NCSOFT will not be responsible for individual investment decisions based on this material.

※ Key Consolidated Subsidiaries (based on K-IFRS):

NCSOFT Corporation(HQ, KOR), NC West Holdings(100%, USA),

NC Europe(100%, GBR), NC Japan(100%, JPN), NC Taiwan(100%, TWN),

NCSOFT Service(100%, KOR), NC Dinos (100%, KOR), NC ITS(100%, KOR),

Ntreev Soft(98%, KOR), This Game Studio(40%, CAN),

NC Vietnam Visual Studio (100%, VNM), KLAP (67%, KOR)

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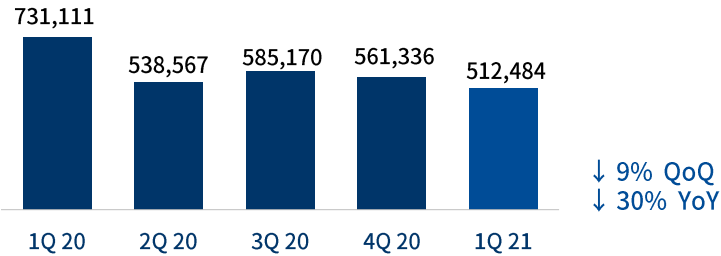
1. Financial Highlights

- Sales totaled KRW 512.5 billion, a decline of 9% qoq and 30% yoy
- Operating income posted KRW 56.7 billion, a decline of 64% qoq and 77% yoy

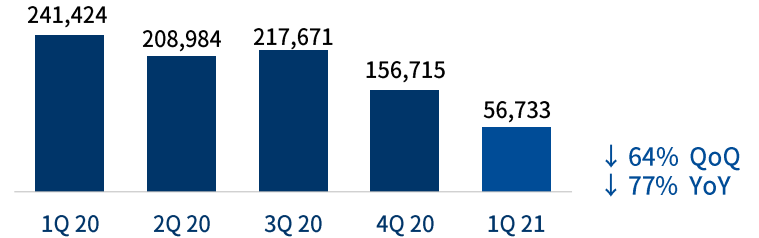
1Q Performance

(Unit: KRW MN)

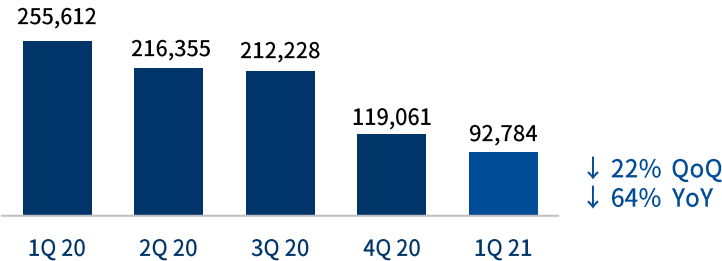
Sales



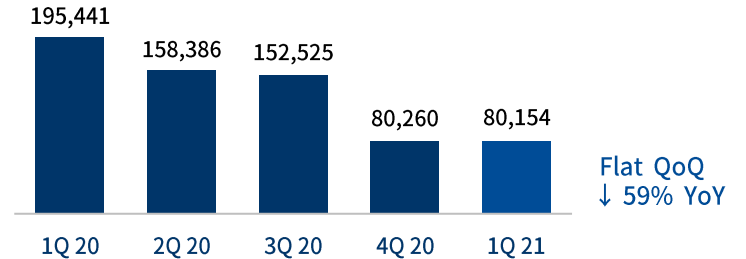
Operating Income



Pre-tax Income



Net Income

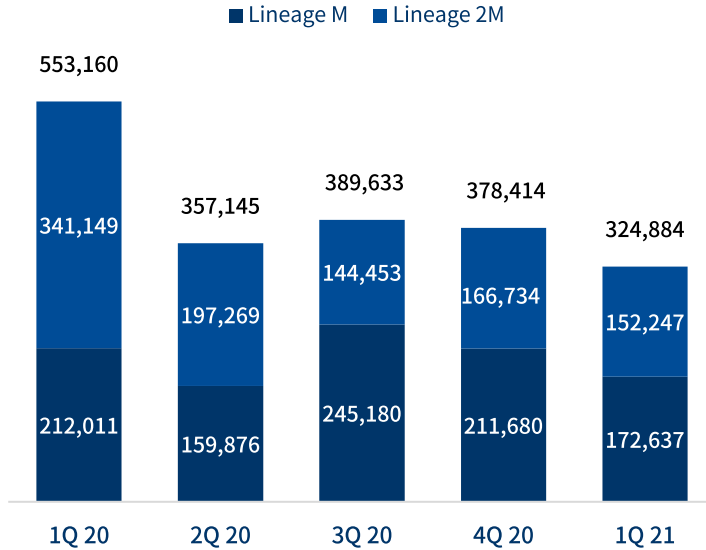


2. Sales Breakdown (by Game)

- Mobile game sales was KRW 324.9 billion, representing a decrease of 14% from the high base of 4Q 2020
- Legacy PC online game sales was up by 6% qoq totaling KRW 129.0 billion, the highest quarterly sales since 2018

Mobile Games

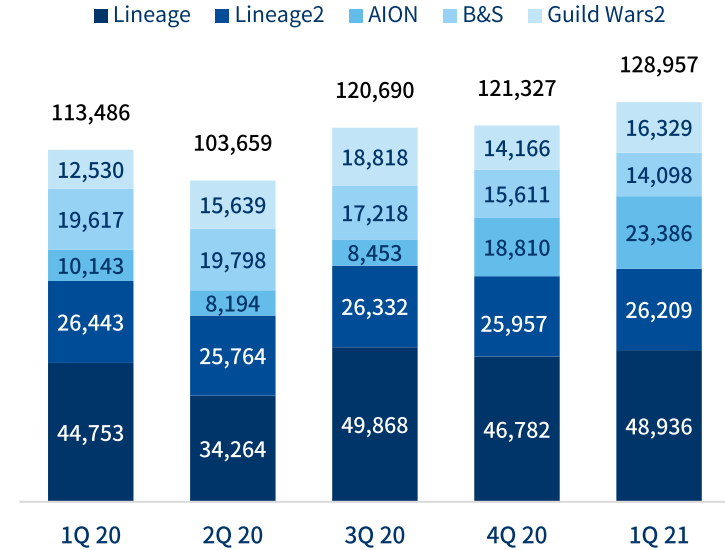
(Unit: KRW MN)



* Not including other mobile games

PC Online Games

(Unit: KRW MN)



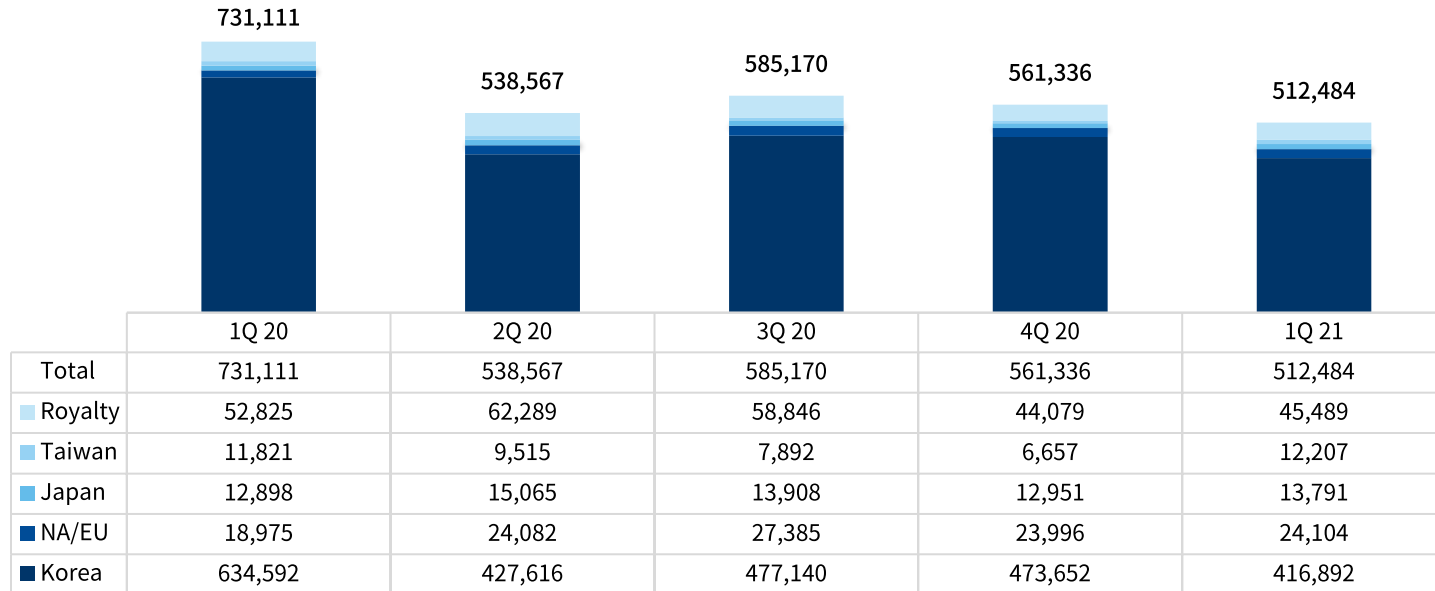
* Not including other PC online games

2. Sales Breakdown (by Region)

- Korea sales decreased 12% qoq, due to the high base of 4Q during which there were large scale mobile game updates
- Royalty increased 3% due to the strong sales from Lineage M Taiwan

Sales by Region

(Unit: KRW MN)

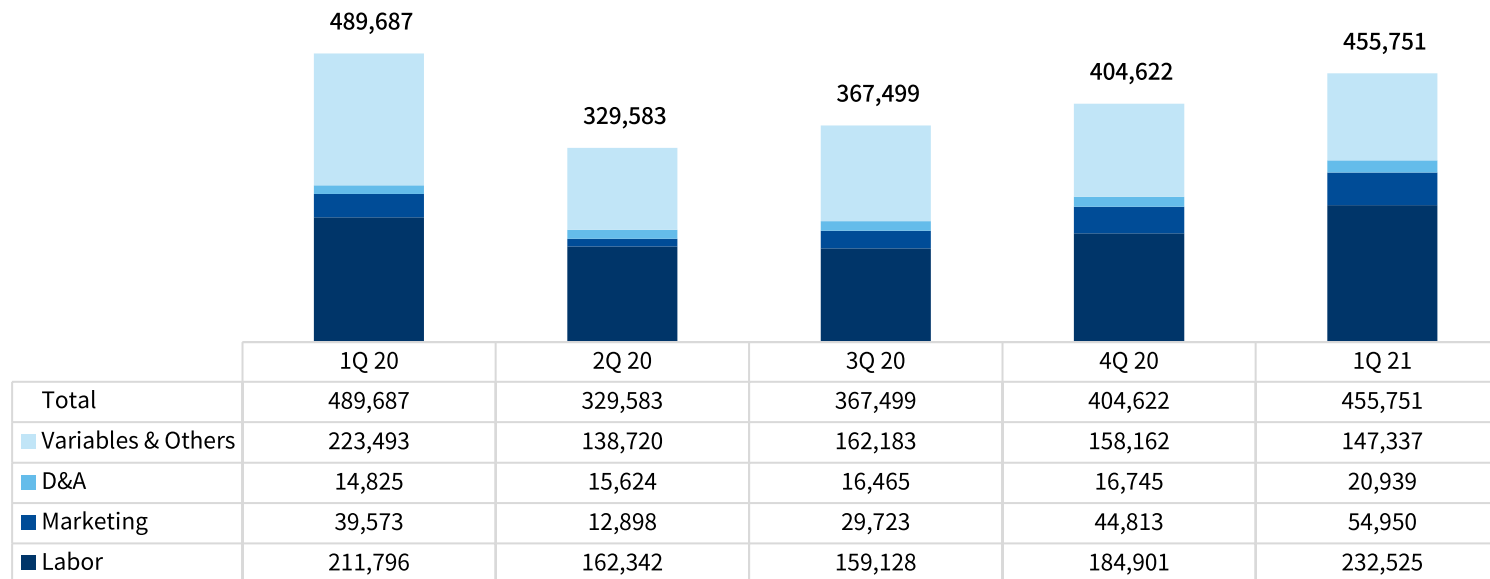


3. Cost Breakdown

- Total operating expenses were up 13% qoq, but down 7% yoy
- Labor cost increased 26% qoq, because of an increase in headcount, regular incentives and special bonuses
- Marketing was up 23% qoq, due to advertisements for new titles

Cost Breakdown

(Unit: KRW MN)



4. Consolidated Financial Statements

Statement of Financial Position

(Unit: KRW MN)

	FY 2020	1Q 21
Assets		
I. Current Assets	2,444,363	2,439,799
Cash and cash equivalents	157,273	230,505
Short-Term financial instruments	638,038	571,767
Account receivables	243,026	160,277
Other receivables	38,544	17,257
Short-Term investment assets	1,323,419	1,412,539
Others	44,063	47,454
II. Non-current Assets	1,636,846	1,837,738
Long-Term loans	4,594	6,345
Other receivables	15,562	25,836
Long-Term investment assets	1,021,880	1,036,983
Investment stock in Affiliated companies	67,326	65,261
Investment property	92,370	92,041
Tangible assets	368,441	549,395
Intangible assets	49,661	44,387
Others	17,012	17,490
Total Assets	4,081,209	4,277,537

	FY 2020	1Q 21
Liabilities		
I. Current Liabilities	509,342	772,707
Borrowings	5,271	144,997
Account payables	79,964	269,998
Lease liabilities	36,908	56,014
Current tax liabilities	140,483	80,832
Other provisions	0	0
Other current liabilities	246,716	220,866
II. Non-current Liabilities	427,179	464,199
Borrowings	249,607	109,795
Defined benefit obligations	6,889	9,121
Long-Term employee benefits	14,511	14,907
Lease liabilities	45,752	204,169
Others	110,420	126,208
Total Liabilities	936,522	1,236,906
Shareholders Equity		
I. Capital Stock	10,977	10,977
II. Other Paid-in Capital	(4,350)	(4,350)
III. Other Components of Equity	278,190	267,443
IV. Retained Earnings	2,856,767	2,763,934
V. Non-controlling Interest	3,103	2,625
Total Stockholders Equity	3,144,687	3,040,630
Total Liabilities and Shareholders Equity	4,081,209	4,277,537

4. Consolidated Financial Statements

Comprehensive Income Statement

(Unit: KRW MN)

	1Q 20	2Q 20	3Q 20	4Q 20	1Q 21
Sales	731,111	538,567	585,170	561,336	512,484
Operating Expenses	489,687	329,583	367,499	404,622	455,751
Operating Income	241,424	208,984	217,671	156,715	56,733
Non-operating Income	14,188	7,371	(5,443)	(37,653)	36,051
Pre-tax Income	255,612	216,355	212,228	119,061	92,784
Income Tax	60,172	57,969	59,702	38,801	12,631
Net Income	195,441	158,386	152,525	80,260	80,154
Equity Attribution to the Owners of the Parent Company	195,459	158,210	153,161	80,573	80,877
Non-controlling Interest	(18)	177	(636)	(313)	(723)